

House Study Bill 128

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
COMMERCE BILL BY
CHAIRPERSON PETERSEN)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act increasing proof of financial responsibility and insurance
2 coverage requirements for damages resulting from certain
3 incidents and motor vehicle accidents.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 1831YC 82
6 av/gg/14

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1 1 Section 1. Section 123.92, unnumbered paragraph 2, Code
1 2 2007, is amended to read as follows:
1 3 Every liquor control licensee and class "B" beer permittee,
1 4 except a class "E" liquor control licensee, shall furnish
1 5 proof of financial responsibility by the existence of a
1 6 liability insurance policy in an amount determined by the
1 7 division but in any event the amount of insurance coverage
1 8 shall not be less than one hundred thousand dollars per person
1 9 and two hundred fifty thousand dollars per incident or
1 10 occurrence. In addition, the minimum amount of insurance
1 11 coverage required shall be adjusted by the division effective
1 12 January 1, 2013, and every five years thereafter to reflect
1 13 the percentage increase in the consumer price index that is
1 14 published annually in the federal register by the federal
1 15 department of labor, bureau of labor statistics, for the
1 16 five-year period ending June 30 of the year that the
1 17 adjustment is to be made. The amount of the adjustment shall
1 18 be rounded to the nearest five thousand dollars of coverage
1 19 and shall be published by the division no later than July 1 of
1 20 the year preceding the January 1 when the adjusted amount
1 21 becomes effective.
1 22 Sec. 2. Section 321A.1, subsection 11, Code 2007, is
1 23 amended to read as follows:
1 24 11. PROOF OF FINANCIAL RESPONSIBILITY. Proof of ability
1 25 to respond in damages for liability, on account of accidents
1 26 occurring subsequent to the effective date of the proof,
1 27 arising out of the ownership, maintenance, or use of a motor
1 28 vehicle, in amounts as follows: With respect to accidents
1 29 occurring on or after January 1, 1981, and prior to January 1,
1 30 1983, the amount of fifteen thousand dollars because of bodily
1 31 injury to or death of one person in any one accident, and,
1 32 subject to the limit for one person, the amount of thirty
1 33 thousand dollars because of bodily injury to or death of two
1 34 or more persons in any one accident, and the amount of ten
1 35 thousand dollars because of injury to or destruction of
2 1 property of others in any one accident; and with respect to
2 2 accidents occurring on or after January 1, 1983, and prior to
2 3 January 1, 2008, the amount of twenty thousand dollars because
2 4 of bodily injury to or death of one person in any one
2 5 accident, and, subject to the limit for one person, the amount
2 6 of forty thousand dollars because of bodily injury to or death
2 7 of two or more persons in any one accident, and the amount of
2 8 fifteen thousand dollars because of injury to or destruction
2 9 of property of others in any one accident. With respect to
2 10 all accidents which occur on or after January 1, 2008, the
2 11 amount of forty thousand dollars because of bodily injury to
2 12 or death of one person in any one accident and, subject to the
2 13 limit for one person, eighty thousand dollars because of
2 14 bodily injury to or death of two or more persons in any one
2 15 accident, and forty thousand dollars because of injury to or
2 16 destruction of property of others in any one accident. In
2 17 addition, the minimum amount of insurance coverage required

~~2 18 shall be adjusted by the insurance division of the department~~
~~2 19 of commerce effective January 1, 2013, and every five years~~
~~2 20 thereafter to reflect the percentage increase in the consumer~~
~~2 21 price index that is published annually in the federal register~~
~~2 22 by the federal department of labor, bureau of labor~~
~~2 23 statistics, for the five-year period ending June 30 of the~~
~~2 24 year that the adjustment is to be made. The amount of the~~
~~2 25 adjustment shall be rounded to the nearest five thousand~~
~~2 26 dollars of coverage, with the minimum amount of coverage for~~
~~2 27 one accident being at least twice the minimum amount for one~~
~~2 28 person, and shall be published by the commissioner of~~
~~2 29 insurance no later than July 1 of the year preceding the~~
~~2 30 January 1 when the adjusted amount becomes effective.~~

2 31 Sec. 3. Section 321A.15, subsection 1, paragraph b,
2 32 unnumbered paragraph 1, Code 2007, is amended to read as
2 33 follows:

2 34 Judgments referred to in this chapter and rendered upon
2 35 claims arising from accidents occurring on or after January 1,
3 1 1983, and prior to January 1, 2008, shall, for the purpose of
3 2 this chapter only, be deemed satisfied when the following
3 3 occur:

3 4 Sec. 4. Section 321A.15, subsection 1, Code 2007, is
3 5 amended by adding the following new paragraph:

3 6 NEW PARAGRAPH. c. Judgments referred to in this chapter
3 7 and rendered upon claims arising from accidents occurring on
3 8 or after January 1, 2008, shall, for the purpose of this
3 9 chapter only, be deemed satisfied when the following occur:

3 10 (1) When forty thousand dollars has been credited upon any
3 11 judgment or judgments rendered in excess of that amount
3 12 because of bodily injury to or death of one person as the
3 13 result of any one accident.

3 14 (2) When, subject to the limit of forty thousand dollars
3 15 because of bodily injury to or death of one person, the sum of
3 16 eighty thousand dollars has been credited upon any judgment or
3 17 judgments rendered in excess of that amount because of bodily
3 18 injury to or death of two or more persons as the result of any
3 19 one accident.

3 20 (3) When forty thousand dollars has been credited upon any
3 21 judgment or judgments rendered in excess of that amount
3 22 because of injury to or destruction of property of others as a
3 23 result of any one accident.

3 24 Sec. 5. Section 321A.21, subsection 2, paragraph b, Code
3 25 2007, is amended to read as follows:

3 26 b. Shall insure the person named in the policy and any
3 27 other person, as insured, using the motor vehicles with the
3 28 express or implied permission of the named insured, against
3 29 loss from the liability imposed by law for damages arising out
3 30 of the ownership, maintenance, or use of the motor vehicles
3 31 within the United States of America or the Dominion of Canada,
3 32 subject to limits exclusive of interest and costs, with
3 33 respect to each such motor vehicle, as follows: With respect
3 34 to all accidents which occur on or after ~~January 1, 1981, and~~
~~3 35 before January 1, 1983, fifteen thousand dollars because of~~

~~4 1 bodily injury to or death of one person in any one accident~~
~~4 2 and, subject to said limit for one person, thirty thousand~~
~~4 3 dollars because of bodily injury to or death of two or more~~
~~4 4 persons in any one accident, and ten thousand dollars because~~
~~4 5 of injury to or destruction of property of others in any one~~
~~4 6 accident; and with respect to all accidents which occur on or~~
~~4 7 after January 1, 1983, and prior to January 1, 2008, twenty~~
4 8 thousand dollars because of bodily injury to or death of one
4 9 person in any one accident and, subject to said limit for one
4 10 person, forty thousand dollars because of bodily injury to or
4 11 death of two or more persons in any one accident, and fifteen
4 12 thousand dollars because of injury to or destruction of
4 13 property of others in any one accident and with respect to all
4 14 accidents which occur on or after January 1, 2008, forty

4 15 thousand dollars because of bodily injury to or death of one
4 16 person in any one accident and, subject to said limit for one
4 17 person, eighty thousand dollars because of bodily injury to or
4 18 death of two or more persons in any one accident, and forty
4 19 thousand dollars because of injury to or destruction of
4 20 property of others in any one accident. In addition, the
4 21 minimum amount of insurance coverage required shall be
4 22 adjusted by the insurance division of the department of
4 23 commerce effective January 1, 2013, and every five years
4 24 thereafter to reflect the percentage increase in the consumer
4 25 price index that is published annually in the federal register
4 26 by the federal department of labor, bureau of labor
4 27 statistics, for the five-year period ending June 30 of the
4 28 year that the adjustment is to be made. The amount of the

~~4 29 adjustment shall be rounded to the nearest five thousand~~
~~4 30 dollars of coverage with the minimum amount of coverage for~~
~~4 31 one accident being at least twice the minimum amount for one~~
~~4 32 person and shall be published by the commissioner of insurance~~
~~4 33 no later than July 1 of the year preceding the January 1 when~~
~~4 34 the adjusted amount becomes effective.~~

4 35 Sec. 6. Section 321A.25, subsection 1, Code 2007, is
5 1 amended to read as follows:

5 2 1. Proof of financial responsibility may be evidenced by
5 3 the statement of the treasurer of state that the person named
5 4 in the statement has filed with the treasurer of state
5 5 ~~fifty-five thousand dollars the amount specified in section~~
5 6 ~~321A.1, subsection 11,~~ in the form of an endorsed certificate
5 7 of deposit made payable jointly to the person and the
5 8 treasurer of state. The certificate of deposit shall be
5 9 obtained from an Iowa financial institution in the amount of
~~5 10 fifty-five thousand dollars specified in section 321A.1,~~
5 11 ~~subsection 11,~~ plus any early withdrawal penalty fee. The
5 12 treasurer of state shall promptly notify the director of
5 13 transportation of the name and address of the person to whom
5 14 the statement has been issued. Upon receipt of the
5 15 notification, the director of transportation shall issue to
5 16 the person a security insurance card for each motor vehicle
5 17 registered in this state by the person. The security
5 18 insurance card shall state the name and address of the person
5 19 and the registration number of the motor vehicle for which the
5 20 card is issued. The treasurer of state shall not accept a
5 21 certificate of deposit and issue a statement for it and the
5 22 department shall not accept the statement unless accompanied
5 23 by evidence that there are no unsatisfied judgments of any
5 24 character against the person in the county where the person
5 25 resides.

5 26 EXPLANATION

5 27 This bill increases proof of responsibility and insurance
5 28 coverage requirements for damages resulting from certain
5 29 incidents and motor vehicle accidents.

5 30 Code section 123.92 is amended to increase the amount of
5 31 insurance coverage that is required to satisfy the proof of
5 32 financial responsibility requirements of certain liquor
5 33 control licensees and class "B" beer permittees under the
5 34 state's dramshop Act. The bill provides that the amount of
5 35 coverage required shall not be less \$100,000 per person and
6 1 \$250,000 per incident or occurrence. Currently, the amount of
6 2 coverage required is determined by the alcoholic beverages
6 3 division of the department of commerce by rule in 185 IAC
6 4 5.8(2) and is \$50,000 for bodily injury to or death of one
6 5 person, \$100,000 for bodily injury to or death of two or more
6 6 persons, \$25,000 for loss of means of support of one person,
6 7 and \$50,000 for loss of means of support of two or more
6 8 persons. The bill further requires the amount of coverage to
6 9 be adjusted by the division on January 1, 2013, and every five
6 10 years thereafter to reflect the percentage increase in the
6 11 consumer price index as specified in the bill.

6 12 Code section 321A.1 is amended to increase the amount of
6 13 insurance coverage that is required to satisfy the proof of
6 14 financial responsibility requirements for motor vehicle
6 15 ownership, maintenance, and use. The bill provides that with
6 16 respect to motor vehicle accidents that occur on or after
6 17 January 1, 2008, the amount of coverage required shall not be
6 18 less than \$40,000 for bodily injury to or death of one person,
6 19 \$80,000 for bodily injury to or death of two or more persons,
6 20 and \$40,000 because of injury to or destruction of property of
6 21 others. The bill further requires the insurance division of
6 22 the department of commerce to adjust the amounts of the
6 23 required coverage on January 1, 2013, and every five years
6 24 thereafter to reflect the percentage increase in the consumer
6 25 price index as specified in the bill. Conforming amendments
6 26 are made in Code sections 321A.15 and 321A.25 to reflect these
6 27 changes.

6 28 Code section 321A.21 is amended to increase the amount of
6 29 insurance coverage that is required to be included in a motor
6 30 vehicle liability policy issued in this state to correspond
6 31 with the changes made in Code section 321A.1 concerning proof
6 32 of financial responsibility. The bill also requires the
6 33 insurance division to adjust the amounts of the required
6 34 coverage in such policies on January 1, 2013, and every five
6 35 years thereafter in the same manner.

7 1 The effect of the amendments to Code section 321A.1 is to
7 2 increase the minimum amount of coverage that must be offered
7 3 in a motor vehicle liability policy for injury or damage
7 4 resulting from an uninsured or underinsured motor vehicle

7 5 under Code section 516A.2, as provided in Code section 321A.1.
7 6 LSB 1831YC 82
7 7 av:nh/gg/14